Internal Revenue Service District Director Department of the Treasury

Fost Office Box 1680, GPO Brooklyn, NY 11202

Date: JUN 2 1 1996

Person to Contact:

Contact Telephone Number:

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CERTIFIED MAIL

Dear Applicant:

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We have considered your application for recognition of exemption under section 501(c)(6) of the Internal Revenue Code.

is an association organized on The purpose for which it is organized is "to promote the network and to provide marketing and businesses promotional opportunities for the member business through the display, publication, and broadcast of advertising and sales promotional materials on a shared cost basis".

The activities of disclosed on part II, question 1 of Form 1024 application are:

"Association of owners of Franchises and Licenses granted by (A Corporation) of

Principal Activities are as follows:

- Training of our members through an annual conference held each spring, Other training conferences are scheduled as needed.
- Liaison between members and the Franchiser. One member of our Board of Directors attends Franchiser's semi-annual managers meeting.
- 3. Generally to promote the name

Section 501(c)(6) of the Code provides for the exemption from Federal income tax of business leagues not organized for profit, no part of the net earnings of which incres to the benefit of any private shareholder or individual.

STANKS

Section 1.501(c)(6)-1 of the Income Tax Regulations defines a business league as an association of persons having some common business interest, the purpose of which is to promote such common interest. Its activities should be directed towards the improvement of business conditions in one or more lines of business as distinguished from the performance of particular services for individual persons.

In Revenue Ruling 58-294, 1958-1 C.B. 244 an association was organized and operated for the purpose of promoting uniform business, advertising and fair trade practices in connection with the manufacture and sale of a certain patented product. Membership in the association was limited to any person, firm, or corporation licensed to manufacture and sell the specified product. It was held that since the association was engaged in furthering the business interests of the dealers in the particular patented product, rather than the improvement of business conditions of one or more lines of business, it does not qualify for exemption from Federal income tax as a business league under section 501(c)(6) of the Code.

In the case of National Muffler Dealers Association v. U.S. 440 U.S. 472 (1979) the court held that an association of a particular brand name of muffler dealers the solution because the association is not engaged in the improvement of business conditions a line of business.

An IRC 501(c)(6) organization's primary activity cannot be performing particular services for members.

A review of all information provided by
indicates that membership is confined to dealers franchised or
licensed by (aka
), a for-profit company. Section 8.01 of the Bylaws
described two classes of members. Voting and Associate. Section
8.05 indicates that voting membership is limited to franchisees
or licensees of the transfer of the
(aka
application for Membership shows no provision for joining
as an associate member. Item 2d. of letter
dated states that the only associate member is
. Like National Muffler Dealers
Association, is an association of dealers of a
particular brand name.
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The purpose in the articles states that you promote network and member business.

As discussed in the the above paragraph, rembership is restricted to dealers of a particular company. The purpose for which is organized is closely related to the purposes of National Muffler Dealers Association in that both organizations promoted the business interest of dealers of a particular brand name.

Accordingly, we conclude that you do not meet the requirements for exempt status under section 501(c)(6) of the Code and propose to deny your request for exemption under that section.

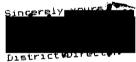
We have also determined that you fail to qualify for exempt status under any other subsection of LRC 501(c).

You are required to file a taxable return Form 1120 or 1041 with the District Director of Internal Revenue Service. Please send the return to the Internal Revenue Service, P.O. Box 1680, General Post Office, Brooklyn, NY 11202.

If you do not agree with this determination, you may request a Conference with the Regional Director of Appeals by protesting in accordance with the enclosed instructions within 30 days.

Protests submitted which do not contain all the documentation stated in the instructions will be returned for completion.

If we do not hear from you within that time, this determination will become final.



Enclosure: Publication 892

physical areas